

ELNA CO.,LTD.

Non-Consolidated Balance Sheets  
As of December 31,2006 and 2005

Assets	Millions of Yen		Thousands of U.S.Dollars (1US\$= ¥ 119.11)
	2005	2006	2006
<b>Current assets:</b>			
Cash on hand and in banks	¥655	¥4,312	\$36,204
Notes and accounts receivable -			
Outside customers	4,716	4,145	34,806
Subsidiary companies and affiliated companies	3,690	3,695	31,027
Non-trade accounts	211	354	2,975
	<u>9,273</u>	<u>12,508</u>	<u>105,013</u>
Less: allowance for doubtful accounts	(1)	-	-
	<u>9,272</u>	<u>12,508</u>	<u>105,013</u>
Inventories	2,326	2,503	21,015
Prepaid expenses	18	16	138
Advance payment	-	368	3,090
short-term loan to subsidiary companies and affiliated companies	400	492	4,131
Consumption tax refund	85	109	917
Deferred tax assets - current	33	-	-
Other current assets	82	114	960
Total current assets	<u>12,218</u>	<u>16,111</u>	<u>135,269</u>
<b>Investments and other assets:</b>			
Investments in securities	594	246	2,072
Investments in subsidiary companies and affiliated companies	3,863	3,413	28,658
Long-term loan to subsidiary companies and affiliated companies	3,738	4,093	34,368
Long-term loan to employees	3	2	24
Long-term prepaid expenses	60	40	335
Long-term other receivable to affiliated companies	794	794	6,668
Other investments	91	81	682
	<u>9,146</u>	<u>8,672</u>	<u>72,811</u>
Less: allowance for investments losses	(1,026)	(576)	(4,842)
Less: allowance for doubtful accounts	(787)	(1,064)	(8,937)
Total investments and other assets	<u>7,331</u>	<u>7,031</u>	<u>59,032</u>
<b>Property,Plant and equipment:</b>			
Buildings and structures	4,133	4,939	41,472
Machinery and equipment	4,340	4,786	40,189
Vehicles	40	47	401
Tools and furniture	1,649	1,761	14,784
Construction in progress	837	683	5,739
Land	2,113	2,009	16,870
	<u>13,115</u>	<u>14,228</u>	<u>119,458</u>
Less: accumulated depreciation	(6,782)	(7,093)	(59,551)
Total property,plant and equipment	<u>6,332</u>	<u>7,135</u>	<u>59,906</u>
Right for using facilities	13	11	96
Total assets	<u>¥25,895</u>	<u>¥30,290</u>	<u>\$254,304</u>

Liabilities and Net assets	Millions of Yen		Thousands of U.S.Dollars (1US\$= ¥ 119.11)
	2005	2006	2006
<b>Current liabilities:</b>			
Short-term loans	¥7,505	¥5,191	\$43,582
Current-portion of long-term debt	1,711	2,978	25,008
Notes and accounts payable -			
Outside suppliers	5,782	5,981	50,215
Subsidiary companies and affiliated companies	2,354	2,062	17,314
Notes payable for facilities	330	301	2,532
Accrued liabilities	52	55	464
	<u>17,736</u>	<u>16,570</u>	<u>139,117</u>
Accrued expenses	775	712	5,980
Income taxes payable	30	35	297
Deposits received	46	35	301
Total current liabilities	<u>18,588</u>	<u>17,354</u>	<u>145,698</u>
<b>Long-term liabilities:</b>			
Long-term loans	1,981	4,955	41,600
Accrued retirement benefits	1,602	1,529	12,843
Accrued retirement benefits to directors	104	81	681
Deferred tax liabilities for revaluation	322	265	2,224
Deferred tax liabilities - fixed -	118	12	104
Other long-term liabilities	1	1	8
Total long-term liabilities	<u>4,130</u>	<u>6,844</u>	<u>57,463</u>
<b>Stockholders' equity:</b>			
Common stock	2,008	-	-
Authorized: 52,800,000 shares at December 31,2005			
Issued: 26,611,458 shares at December 31,2005			
Additional paid-in capital	121	-	-
Other capital surplus	1,314	-	-
Legal reserve	381	-	-
Voluntary reserve -			
Reserve for loss from overseas investment	11	-	-
Retained earnings(Accumulated loss)	(1,318)	-	-
Land revaluation excess	483	-	-
Net unrealized holding gains on securities	177	-	-
Treasury stock	(2)	-	-
Total stockholders'equity	<u>3,176</u>	<u>-</u>	<u>-</u>
Total liabilities and stockholders'equity	<u>¥25,895</u>	<u>-</u>	<u>-</u>
<b>Net assets:</b>			
<b>Owners' equity:</b>			
Paid-in capital	-	3,508	29,458
Capital surplus			
Capital legal reserve	-	1,621	13,610
Other capital surplus	-	388	3,260
Total capital surplus	<u>-</u>	<u>2,009</u>	<u>16,870</u>
Earned surplus			
Earned legal reserve	-	381	3,199
Other earned surplus			
Earned surplus brought forward	-	(218)	(1,834)
Total earned surplus	<u>-</u>	<u>162</u>	<u>1,365</u>
Treasury stock	-	(3)	(26)
Total owners' equity	<u>-</u>	<u>5,677</u>	<u>47,668</u>
<b>Valuation and translation adjustments:</b>			
Net unrealized holding gains on securities	-	18	157
Deferred gains or losses on hedges	-	(2)	(21)
Land revaluation excess	-	397	3,337
Total valuation and translation adjustments:	<u>-</u>	<u>413</u>	<u>3,473</u>
Total net assets	<u>-</u>	<u>6,091</u>	<u>51,141</u>
Total liabilities and net assets	<u>-</u>	<u>30,290</u>	<u>254,304</u>

ELNA CO.,LTD.

Non-Consolidated Statements of Income  
For the years ended December 31,2006 and 2005

	Millions of Yen		Thousands of U.S.Dollars (1US\$= ¥ 119.11)
	2005	2006	2006
Net sales	¥32,319	¥33,458	\$280,905
Cost of sales	30,288	30,061	252,386
Gross profit	2,031	3,396	28,519
Selling,General and administrative expenses	3,299	3,362	28,229
Operating income(loss)	(1,268)	34	289
Non-operating income:			
Interest and dividend income	133	360	3,027
Income from rent & leasehold	41	70	595
Material supplying income	1	4	34
Foreign exchange gains	152	21	183
Other	20	18	157
	349	476	3,997
Non-operating expenses:			
Interest expenses	188	257	2,160
Stock issuance expenses	-	145	1,219
Other	49	126	1,063
	237	529	4,443
Ordinary income(loss)	(1,156)	(18)	(155)
Extraordinary gains:			
Gain on sale of property,plant and equipment	-	2	17
Gain on sale of investments in securities	-	253	2,128
Reversal of accrued retirement benefits to directors	-	4	38
Gain on return of substitutional portion of the employees pension fund	586	-	-
	586	260	2,184
Extraordinary losses:			
Loss on disposal of inventories	13	-	-
Loss on sale or disposal of property and equipment	13	13	116
Impairment loss	-	160	1,347
Cumulative effect of the application of new accounting standard for retirement benefits	274	-	-
Provision of allowance for investments losses	88	-	-
	389	174	1,464
Income (loss) before income taxes	(959)	67	564
Income taxes - Current	10	15	126
Income taxes - Deferred	205	(24)	(204)
Net income (loss)	(¥1,174)	¥76	\$642
	Yen		U.S.Dollars
Per share:			
Net income (loss)	(¥44.16)	¥2.07	\$0.01
Cash dividends	-	-	-
Weighted average number of shares	26,602,364	36,985,528	

## Non-Consolidated Statement of Changes in Net Assets

For the years ended December 31,2006 ( January 1, 2006 - December 31, 2006 )

(Millions of Yen)

	Owners' equity									
	Paid-in capital	Capital surplus			Earned surplus				Treasury stock	Total owners' equity
		Capital legal reserve	Other capital surplus	Total capital surplus	Earned legal reserve	Other earned surplus				
						Reserve for loss from overseas investment	Earned surplus brought forward	Total earned surplus		
Balance as of December 31,2005	2,008	121	1,314	1,435	381	11	(1,318)	(926)	(2)	2,515
Changes of items during the fiscal year										
Issue of new shares	1,500	1,500		1,500						3,000
Transfer of capital surplus			(926)	(926)			926	926		-
Reversal of reserve for loss from overseas investment						(11)	11	-		-
Net income							76	76		76
Reversal of land revaluation excess							86	86		86
Purchase of treasury stock									(0)	(0)
Net changes of items other than owner's equity										
Total changes of items during the fiscal year	1,500	1,500	(926)	573	-	(11)	1,099	1,088	(0)	3,162
Balance as of December 31,2006	3,508	1,621	388	2,009	381	-	(218)	162	(3)	5,677

	Valuation and translation adjustments				Total net assets
	Net unrealized holding gains on securities	Deferred gains or losses on hedges	Land revaluation excess	Total valuation and translation adjustments	
Balance as of December 31,2005	177	-	483	661	3,176
Changes of items during the fiscal year					
Issue of new shares					3,000
Transfer of capital surplus					-
Reversal of reserve for loss from overseas investment					-
Net income					76
Reversal of land revaluation excess			(86)	(86)	-
Purchase of treasury stock					(0)
Net changes of items other than owner's equity	(158)	(2)	-	(161)	(161)
Total changes of items during the fiscal year	(158)	(2)	(86)	(247)	2,914
Balance as of December 31,2006	18	(2)	397	413	6,091